



# Australian Bureau of Statistics

## 1351.0.55.052 - Research Paper: Firm Dynamics and Productivity Growth in Australian Manufacturing and Business Services, Oct 2014

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### Summary

#### About this Release

Competitive markets foster the reallocation of inputs where resources are channelled from less competitive to more competitive firms, and hence increase aggregate productivity. The turnover of firms entering and exiting industries is part of this competitive process as entrants vie for market shares and exiters cease consuming inputs. There is a large body of theoretical and empirical work on firm dynamics, yet to date very few large scale studies have been conducted in Australia due to limited access to firm-level data. This study uses a large panel of businesses, drawn from administrative data provided to the Australian Bureau of Statistics (ABS), which allows us to track firms over the nine years from 2002–03 to 2010–11. Using this comprehensive panel we examine the productivity of firms in manufacturing and business services and, in particular measure the contribution of entry and exit to aggregate productivity growth.

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